

ASX RELEASE

30 April 2009

QUARTERLY REPORT

Eureka Energy Limited (ASX:EKA, "Eureka" or "Company")

QUARTER ENDING

31 March 2009

EXPLORATION, APPRAISAL AND DEVELOPMENT ACTIVITIES

SUGARLOAF PROSPECT: On-shore Texas Gulf Coast Basin, USA
Eureka ownership: 12.5% Working Interest

Highlights

- Weston-1H well reached a total depth of 15,800 feet including over 3,000 feet laterally within the productive reservoir. The well is suspended awaiting stimulation activities.
- Kowalik-1H & Kennedy-1H wells continued production to sales.
- Continued drilling, completion and production progress by joint ventures adjacent to Sugarloaf.
- Advances in understanding of the reservoir characteristics within the Sugarloaf Austin Chalk and Eagle Ford Shales.
- Further drilling and land acquisition activity across the wider region for Eagle Ford Shale.
- Today agreed arrangements, subject to legal documentation, with Texas Crude Energy Inc ("TCEI"), the US partner and Operator of its Sugarloaf joint venture within the Sugarkane Gas and Condensate Field, for the implementation of a farmout to raise capital for continuous field appraisal and development at Sugarloaf.

Overview

Within the Sugarkane Field ten modern exploration and appraisal wells have been drilled into the targeted Austin Chalk and/or Eagle Ford Shale formations since discovery in 2006. Four of these wells are within the Sugarloaf area of interest and six wells have been drilled by ConocoPhillips either adjacent or nearby to Sugarloaf.

Very encouraging initial rates of production have been achieved by wells within the Sugarkane Field. There are presently two further horizontal wells underway in the adjacent acreage. Three of the four wells at Sugarloaf are horizontal and two wells are presently producing to sales but will be subject to further completion and stimulation activities to optimise production rates. The third well, the recently completed Weston 1-H, is suspended awaiting stimulation activities.

Each of the Sugarloaf wells support the geological model for the Austin Chalk and Eagle Ford Shale formation. Information obtained from these wells together with publicly available information from completion operations at wells in nearby AMI's has proved valuable in

improving our understanding of the reservoir and determining drilling and completion techniques best suited to maximise well productivity.

Our field understanding has continued to evolve and we now consider that the reservoir is a graduated Austin Chalk that transitions to a high organic content Eagle Ford shale. The Eagle Ford shale acts as both source rock for the chalk and a reservoir in itself. This creates a single reservoir with large volumes of over pressured rich gas in place, the lithology section beginning with a high chalk content at the top and transitioning to the true Eagle Ford shale by the bottom.

With this advance in understanding of the reservoir, future drilling and well stimulation techniques will differ from those used to date at the Kowalik-1H and Weston-1H wells. The revised approach is similar to the methods used for drilling and stimulation by the various operators within the very productive Haynesville shale areas in Texas and Louisiana. These revised techniques should lead to wells being drilled more cost effectively whilst allowing for development of horizontal wells containing both natural fractures and the gas charged matrix rock. The proposed fracture stimulation plans have recently been successfully applied to wells in the adjacent Sugarkane Field acreage. The indications are that through application of these revised completion techniques at Sugarloaf, significant productivity improvements could be achieved at Kennedy-1H and Kowalik-1H. This completion stimulation method is also proposed for Weston-1H.

With a view to accelerating field development at Sugarloaf, TCEI has initiated discussions with the Sugarloaf joint venturers regarding possible farmout activity. TCEI are proposing arrangements that will seek to attract a 'marquee' industry partner and/or industry financiers to raise capital for continued field development. Farmout activities are likely to include the drilling of several new horizontal wells and the stimulation of the existing 3 horizontal wells within Sugarloaf.

Weston-1H Well

Weston-1H, spudded on 2 November 2008 some 1.5 km's east of the Kennedy-1H well, targeting natural fractures within the upper chalk interval that has produced gas and condensate in three wells in the adjacent acreage and at the Kowalik-1H well. The Weston well, whilst not appearing to encounter any natural fractures, recorded flaring and elevated gas readings after shut in periods. Based on completion techniques recently and successfully used in wells on adjacent acreage, a liner has been cemented along the lateral length of the well.

The well is currently suspended. It is likely that the well will be stimulated by mechanical fracture using the techniques successfully utilised within wells nearby within the Sugarkane field.

Eureka has a 12.5% working interest in the Weston-1H well.

Kowalik-1H Well

Kowalik-1H, also drilled within the upper Austin chalk, continued to produce at modest rates of gas and condensate during the quarter, with average March production of 1.44 mmscfe/d.

This well is producing below expectations particularly as the deepest 2,500ft of the 4600ft horizontal section indicated intersection with natural fractures. Stimulation techniques under consideration involve either an acid wash to stimulate the flow from the natural fractures, or replacing the existing slotted liner in order to fracture stimulate the entire horizontal section.

Eureka has a 14.33% working interest in this well.

Kennedy-1H Well

The Kennedy-1H well continues to produce and flow at low rates directly to export. Average production for March was 200 mscefd.

The 3800ft horizontal section of this well is considered to have been drilled within the Eagle Ford Shale, which lies under the Austin Chalk reservoir. The current production is the result of very limited fracture stimulation across only the deepest 600ft horizontal section. The Joint Venture believes that this well is a suitable candidate for the fracture stimulation techniques successfully completed on several wells within the Eagle Ford Shale.

Eureka has a 12.5% working interest in the well.

Farmout Activity

Eureka has today agreed arrangements, subject to legal documentation, with TCEI for the implementation of a farmout to raise capital for continuous field appraisal and development. The terms are similar to arrangements completed by TCEI with certain partners in the greater Sugarkane Field and provide an effective structure within which to attract a marquee industry E&P company and or industry financiers as a partner in an outstanding large gas and condensate resource opportunity. It is considered that consolidating interests to increase the potential transaction size provides deal characteristics sought by quality industry investors including medium to large sized E&P companies. To assist with marketing and completing a farmout TCEI have retained Jefferies Randall & Dewey, a leading US advisor dedicated to the global oil and gas energy industry.

Eureka's principle objective of the farmout being sought is to have sufficient new productive wells drilled across the Sugarkane Field to clearly demonstrate size and productivity over a large area and thereby unlock the significant value potential of Eureka's interest at Sugarloaf.

It is intended that potential financiers and or farminees be offered an attractive equity interest in a large development leasehold opportunity across various AMI's within the Sugarkane Field in return for funding an agreed work program across each AMI.

The likely work program under a farmout for Sugarloaf will include new horizontal wells as well as completion and stimulation of each of the three existing horizontal wells.

Whilst any successful farmout will lead to a decrease in Eureka's net acreage position within Sugarloaf, the resultant increase in value of Eureka's retained interest should be significant.

Marketing for the farmout will commence during the next quarter. During this period of marketing, it is likely that operations will be limited at Sugarloaf.

Activity in the Sugarkane Field in areas adjacent / nearby the Sugarloaf AMI

Eureka has no interest in the joint venture areas adjacent to or nearby the Sugarloaf joint venture, but the progress and results of these areas continue to be relevant to the Sugarloaf AMI. Information contained herein is based on the disclosures by Empyrean Energy PLC ("EME") to the AIM market and publically available data lodged with the Texas Railroad Commission.

In the joint ventures adjacent and nearby to Sugarloaf, a total of 6 wells have been drilled with 2 further wells understood to be nearing completion. Of the 8 wells in the acreage 5 are horizontal.

The "A1 well" has undergone a fracture stimulation of a further 1800 ft following isolation of the original zone of production. Initial production from this isolated zone is reported at 4.2mmscf/d. We understand that this new zone has now been comingled with the deeper previously acid stimulated 900 ft and the combined production is now linked to sales lines. Importantly, this well demonstrates significant productivity from fracture stimulated matrix rock in the new zone, whereas nearly all the other production data from the field has been via natural fractures.

Other relevant activity during the quarter was the announcement by EME that two of their horizontal well portfolio, wells A3 and A4, had additional stimulation activity resulting in combined initial production of 12.6 mmscfe/d.

We also understand that two other vertical wells were undergoing testing during this quarter.

The original discovery well, Kunde #1, continues to produce on plateaux, based on publically available data.

Regional Eagle Ford Shale Activity

ConocoPhillips have recently advised their ownership in the Eagle Ford Shale play now exceeds 300,000 net acres. Their acreage is situated on trend to the North East and South West of the Sugarloaf AML. ConocoPhillips have also advised that their land position is surrounded by Anadarko Petroleum Corporation to the North West and Petrohawk Energy Corporation to the South West. Both are mid sized US independent energy companies.

Importantly, in a recent presentation, ConocoPhillips identified the Eagle Ford as a key asset within their onshore US resource portfolio.

Petrohawk specialises in resource type oil & gas plays and recently announced their leasehold position in LaSalle and McMullen counties (both on trend to the South West and adjacent to Live Oak county which contains part of the Sugarkane Field) had increased to 160,000 acres.

Petrohawk have two rigs operating in this area and have drilled five wells across a 30 mile section of the play. Reported production rates from the two most recently completed wells are 6.1 mmscfe/d and 9.3 mmscfe/d. Petrohawk also reported lower initial decline rates and a flatter hyperbolic production profile than observed in other shale plays which is consistent with the profile from the Sugarkane Field discovery well, Kunde #1, which has now been on production for over 2 years.

Petrohawk have also recently stated that core analysis indicates that the Eagle Ford Shale is one of the highest quality shale reservoirs discovered to date in the United States. They also make reference to the economic potential of the Eagle Ford Shale which compares favourably to other productive properties in their portfolio, such as the Haynesville Shale.

BISMIL PROSPECT: On-shore South Eastern Turkey
Eureka ownership: Eureka has elected to withdraw

In order to ensure that sufficient funding remains available to continue development of our valuable Sugarloaf interest, Eureka advised the operator of the Bismil licenses that it would not be participating in the required exploration well due to be drilled in this quarter. Accordingly, Eureka has elected to withdraw its participation in the Bismil licenses.

KIANA PROJECT: EL 23639 Northern Territory
Eureka ownership: 100% interest

There was no activity on this project during the quarter.

CORPORATE

Eureka's cash position is currently \$368,000. This is lower than expected following the placement and share purchase plan initiated in late 2008, primarily due to higher than budgeted drilling costs at Weston1-H.

The Board continues to monitor the Company's operating position very carefully. During the next quarter, limited operational activity is expected at Sugarloaf as the farmout marketing is initiated. Accordingly, management is not expecting any immediate requirement to commit significant capital to its Sugarloaf interest.

Farmout success will address any requirement to contribute to the costs of stimulating the existing stock of horizontal wells or drill an agreed number of new wells.

Over the course of the farmout marketing period, the Eureka board will consider the alternatives available to maintain and maximise the company's strategic interest in the significant value potential of the Sugarloaf AMI.

END

Information contained in this report with respect to the Sugarloaf Project and Sugarkane Field was compiled from information provided by the project operator and other publicly available sources. This information was reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 40 years experience in the practice of geology including more than 5 years experience in petroleum geology. Mr Allchurch consents to the inclusion in this report of the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EUREKA ENERGY LIMITED

ABN

46 116 829 139

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
Cash flows related to operating activities	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	72	104
1.2 Payments for		
(a) exploration and evaluation	(1,080)	(3,601)
(b) development	-	-
(c) production	-	-
(d) administration	(235)	(587)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,242)	(4,033)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,242)	(4,033)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,242)	(4,033)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	824	1,304
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	Issue Costs	(58)	(88)
	Net financing cash flows	766	1,216
	Net increase (decrease) in cash held	(476)	(2,817)
1.20	Cash at beginning of quarter/year to date	844	3,185
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	368	368

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	123
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees Rentals & outgoings

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
Total	50

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	369	844
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	369	844

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Bismil (Turkey)	Working Interest (WI) and Option Holder	10% WI 10% Option	
6.2 Interests in mining tenements acquired or increased		-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

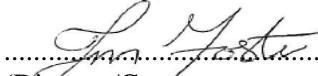
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (<i>description</i>)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	115,003,875	115,003,875	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	20,593,875	20,593,875	\$0.04	Fully Paid
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (<i>description</i>)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (i)			<i>Exercise price</i>	<i>Expiry date</i>
Listed Options				
Unlisted Options	1,000,000		\$0.35	30/06/2010
7.8 Issued during quarter				
Unlisted Options				
Incentive Options	-	-	-	-
Consultant Options	-	-	-	-
(i) Upon exercise each option entitles the holder to one ordinary share which will rank pari passu in all respects with the Company's then issued shares.				
7.9 Exercised during quarter				
Listed Options	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (<i>totals only</i>)	-	-	-	-
7.12 Unsecured notes (<i>totals only</i>)	-	-	-	-

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).

- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2009
(~~Director~~/Company secretary)

Print name: JULIE FOSTER

+ See chapter 19 for defined terms.